



**California Board of Accountancy**  
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**DEPARTMENT OF CONSUMER AFFAIRS (DCA)  
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**MINUTES OF THE  
 November 15, 2018  
 CBA MEETING**

**DoubleTree by Hilton – San Diego Downtown Hotel  
 1646 Front Street  
 San Diego, CA 92101  
 Telephone: (619) 239-6800**

Roll Call and Call to Order.

California Board of Accountancy (CBA) President Michael M. Savoy, CPA, called the meeting to order at 9:15 a.m. on Thursday, November 15, 2018 until 11:45 a.m. at the DoubleTree by Hilton San Diego Downtown Hotel. The CBA reconvened into open session from 1:30 p.m. until 1:45 p.m. The CBA convened into closed session from 1:47 p.m. until 3:16 p.m. President Savoy adjourned the meeting at 3:18 p.m.

CBA Members

Michal M. Savoy, CPA, President  
 George Famalett, CPA, Vice-President  
 Mark Silverman, Esq. Secretary/Treasurer  
 Alicia Berhow  
 Jose A. Campos, CPA  
 Nancy J. Corrigan, CPA  
 Mary M. Geong, CPA  
 Karriann Farrell Hinds, Esq.  
 Dan Jacobson, Esq.  
 Xochitl León  
 Luz Molina Lopez  
 Carola Nicholson, CPA  
 Deidre Robinson  
 Katrina L. Salazar, CPA

November 15, 2018

9:15 a.m. to 3:18 p.m.  
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 9:15 a.m. to 3:18 p.m.  
 9:15 a.m. to 3:18 p.m.  
 Absent  
 9:15 a.m. to 3:18 p.m.

#### Staff and Legal Counsel

Patti Bowers, Executive Officer

Deanne Pearce, Assistant Executive Officer

Karen Nelson, Assistant Deputy Director, Office of Board and Bureau Services

Rich Andres, Information Technology Staff

Aaron Bone, Information and Planning Officer

Ileana Butu, Legal Counsel, DCA

Paul Fisher, CPA, Enforcement Manager

Dominic Franzella, Chief, Enforcement Division

Rebecca Reed, Board Relations Analyst

Carl Sonne, Deputy Attorney General, Department of Justice

#### Committee Chairs and Members

Joseph Rosenbaum, CPA, Chair, Enforcement Advisory Committee (EAC)

#### Other Participants

Dean Andal, The Accounting Coalition

Brian Attard, Center for Public Interest Law

Theresa M. Brehl, Administrative Law Judge, Office of Administrative Hearings

Daniel J. Dustin, CPA, Vice President, State Board Relations, National Association of State Boards of Accountancy (NASBA)

Pilar Oñate-Quintana, The Oñate Group

Danielle R. Sires, Associate Consultant, Assembly Committee on Business and Professions

J. Andrew Wright, Esq.

#### I. Report of the President.

- A. Introduction of New California Board of Accountancy Member  
Nancy J. Corrigan, CPA.

President Savoy introduced new CBA member Nancy J. Corrigan, CPA.

- B. Introduction of Danielle R. Sires, Associate Consultant for the Assembly Business and Professions Committee – Discussion Regarding CBA's Mobility Report, Sunset Review and Implementation of California Board of Accountancy's Consumer Protection Mandate.

Ms. Sires thanked the CBA, on behalf of California Assemblyman Evan Low, Chair of the Business and Professions Committee (BPC), for their work on the implementation of the mobility program. She stated that moving forward, the Legislature, Senate, and BPC as a whole view the report as a template for other Boards and Bureaus.

- C. 2019 California Board of Accountancy Member Committee Interest Survey.

President Savoy provided an overview of the Committee Interest Form, which is used to appoint members to committees that assist the CBA with its mission of consumer protection. President Savoy stated that the committee interest surveys should be completed, as the surveys will be used by the next CBA President to appoint members to the Committee on Professional Conduct (CPC), Enforcement Program Oversight Committee (EPOC), Legislative Committee (LC), Strategic Planning Committee (SPC), and the CBA liaisons for the Enforcement Advisory Committee (EAC), Peer Review Oversight Committee (PROC), and Qualifications Committee (QC).

D. Report on the National Association of State Boards of Accountancy Annual Meeting held on October 28 through October 31, 2018.

Ms. Salazar reported she attended the NASBA Annual Meeting, held in Scottsdale, Arizona. She stated that NASBA is in a triparty relationship with the American Institute of Certified Public Accountants (AICPA), and Prometric, which allows NASBA to monitor any issues within the Uniform CPA Examination (CPA Exam).

Ms. Salazar stated that at the annual meeting, there were discussions regarding continuous testing, curriculum, and on-going mobility issues and successes.

E. Announcement of California Board of Accountancy Members Appointed to the National Association of State Boards of Accountancy Committees.

President Savoy reported that the following CBA members were appointed to a NASBA Committee:

- Carola A. Nicholson, CPA – Diversity Committee
- Katrina L. Salazar, CPA – Chairperson of the Bylaws Committee

F. Update on Key Issues and Incentives in the Certified Public Accounting Profession.

Mr. Dustin stated that his role as NASBA's Vice-President of State Boards Relations is to listen to the issues and concerns of the various Boards and provide resources to respond to the Boards within a timely manner.

Mr. Dustin provided an overview of NASBA's upcoming meetings, various NASBA tools and services, the CPA Exam, firm mobility, the Uniform Accountancy Act (UAA) Committee, issues on the horizon, AICPA-NASBA Joint Projects, code of professional conduct, and Continuing Professional Education (CPE) reciprocity.

Mr. Dustin stated that NASBA tracks over 580 bills nationwide that have a direct impact on boards of accountancy. He stated that the bills do not always

have an impact or are identified as an accountancy bill and that they are general bills that affect multiple professions.

Mr. Dustin stated that NASBA is hoping to launch the CPE audit tool in March of 2019. He stated that the CPE audit tool will assist Boards in completing their CPE audits.

Mr. Dustin stated that the eighth edition of the UAA was issued in January of 2018. He stated that some of the changes since the last release included CPA retired status, a new international recognition pathway, updated language, and revised CPE Standards and CPE Model Rules. He stated that going forward, revisions will be made as UAA changes are approved.

Mr. Dustin stated that one of the biggest issues for the UAA Committee is the noncompliance with local laws and regulations. He stated that the UAA Committee, along with AICPA's Professional Ethics Executive Committee, are looking at how confidentiality might be affected regarding non-compliance with laws and regulations (NOCLAR).

Mr. Dustin stated that at various meetings this past year, there were numerous discussions regarding the possibility of having a pathway to licensure individuals with a technology background. He stated that NASBA and the AICPA have established a ten person workgroup which will provide feedback regarding technology and its impact on the profession.

Mr. Dustin stated that he received questions from CBA members prior to the November CBA meeting, which included topics regarding technology changes for the CPA profession, the appeal of public accounting to graduates and related staff shortages, and enhancing the value of services to the consumers and third party users of financial statements.

Mr. Dustin stated that one question he received from a CBA member was if there is a trend toward technology for tax compliance, auditing, etc. viewed by accounting leaders as an opportunity or a threat towards the way that large and small practitioners manage their firms. He stated that there is certainly a threat that there will be more reliance on technology solutions versus human or CPA input. He stated that technology might replace some of the routine tasks.

Mr. Dustin stated that the overall impact of technology changes on clients and meeting their needs presents an opportunity to the profession to enhance the reliability and consistency while providing added efficiencies and cost savings. He stated that looking at all transactions rather than a sample of transactions will be a benefit to the public.

Mr. Dustin stated that the balance of the efficiency of technology and the skills of an audit judgement will require changes to professional standards and it cannot be subjective. He stated that preliminary discussions have already

begun between the AICPA and NASBA on what will be possible through the use of technology and computers versus human interaction. He stated that technology would not replace auditor judgement.

Mr. Dustin stated another inquiry he received was regarding what measures are being taken nationally to increase the appeal of public accounting versus private industry to graduates and younger professionals at a time when firms are suffering staff shortages. He stated that technology is enhancing what entry-level CPAs are doing today. He stated that in talking with large firms, they are not hiring fewer people, but that efficiencies result in less hires in entry-level positions and this enhances the opportunities for small and medium firms to hire highly qualified individuals to work in those firms and those firms are now suffering from an inability to hire enough people.

Ms. León inquired what trends are being seen across the nation in the adoption of blended and nano learning programs.

Mr. Dustin stated that NASBA is in the process of trying to track regulation changes across all the Boards so it will be aware of the regulations regarding blended and nano programs. He stated that the Boards that he has visited this year are looking to adopt blended and nano learning between now and 2019.

Mr. Famalett stated that in California legislation has been introduced limiting how far back we can consider certain crimes when considering how the CBA disciplines a CPA and inquired how other Boards may be looking at substantially related standards when administering discipline.

Mr. Dustin stated that there is much discussion around the country regarding this subject. He stated not so much limiting the certain number of years with respect to an application and whether there was some sort of misconduct in the application process versus a lot of discussion of not allowing criminal convictions to prohibit you from obtaining a license to begin with.

Ms. Hinds inquired if NASBA has seen any trends regarding any cyber security issues within the accounting industry and ways in which we can help licensees to make sure they are employing the best practices to protect their data.

Mr. Dustin stated that at the NASBA Annual Meeting in Arizona, there was a two-person panel, which included a special agent from the Phoenix area FBI office, speaking about cyber security. He stated that NASBA is going to attempt to have either this agent speak at a meeting that is being held in San Antonio Texas or try to secure an agent from the San Antonio FBI office. He stated that there have been quite a few recent articles in magazines like Accounting Today regarding cyber security and password protection and what firms can do to make sure their data is safe.

G. Discussion and Approval of the CBA's Sunset Review Report, Including Approval of Legislative Proposals:

- Amend Business and Professions Code Section 5134 to Increase the California Board of Accountancy's Maximum License Renewal and Initial Permit Fee Amounts.
- Amend Business and Professions Code Section 5008 to Allow the California Board of Accountancy to Distribute the UPDATE Publication and Reports of Other Matters of Interest to the Public and Practitioners Through Electronic Mail and the California Board of Accountancy's Website.
- Amend Business and Professions Code Sections 5070, 5070.5, 5073, 5096, 5096.12, 5151, and 5152.1 to Require California Board of Accountancy Applicants and Licensees to Provide Electronic Mail Addresses.
- Adopt Business and Professions Code Section 5001.2 Related to the Denial of an Application for Certified Public Accountant Licensure.

Mr. Franzella provided an overview of this item.

Ms. Molina Lopez inquired other than the Legislature, who else views the Sunset Review Report.

Mr. Franzella stated that the Legislature is the primary audience and that the report will be available for stakeholders to view on the website.

Ms. Corrigan stated that it appears that the question in the top of the table on page 25 of the report is not included in the table.

Ms. Corrigan stated that on page 53, question 31 of the report asks how many schools are approved by the CBA and how often are approved schools reviewed. She stated the answer states that the CBA does not approve schools and that the CBA relies on regional and national accrediting agencies to access whether the education earned will meet the requirements for licensure, but it does not say how often those agencies are reviewed. She inquired if that information should be included in the report.

Ms Bowers stated that the reason why we did not answer how often the approved schools are approved is because the CBA does not approve those schools. She stated that staff can articulate the answer in a better way.

**It was moved by Ms. Berhow and seconded by Ms. Salazar to:**

- **Approve the four legislative proposals to enact policy decisions reached by the CBA and included in Section 11 – New Issues of its Sunset Report and authorize the Executive Officer to work with Legal Counsel to make any changes as requested by the CBA**

- **Approve the Sunset Report and authorize the CBA President and Executive Officer to make any final edits as requested by the CBA, including any non-substantive changes**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

- H. Developments Since the February 2015 United States Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission.

There was no report on this agenda item.

- I. Department of Consumer Affairs Director's Report on Departmental Activities.

Ms. Nelson reported that the Director's Quarterly Meeting was held on October 9, 2018. She stated that at the meeting, DCA provided updates on the Executive Officer Salary Study and the Division of Investigations Client Survey. She stated that a draft plan to implement Assembly Bill 2138 was also provided at the meeting.

Ms. Nelson stated that the Licensing and Enforcement workgroup continue to meet monthly. She recognized Mr. Franzella and Ms. Sanchez for their participation and input that they provide in the workgroups.

Ms. Nelson reported that in October and November, the Office of Information Services preview an interactive reporting tool to promote openness and transparency and the reporting of performance metrics.

Ms. Nelson stated that the Future Leadership Development Training Program selected seven individuals to participate in three projects which include streamlining DCA's subject matter expert witness program, revising the enforcement performance measurers, and an awareness campaign for California military veterans and spouses to inform and educate Californians of the benefits, resources, and opportunities available through DCA.

- II. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

**It was moved by Ms. Berhow and seconded by Mr. Silverman to appoint Douglas Aguilera, CPA as Vice-Chairperson to the EAC effective January 1, 2019 through December 31, 2019.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**It was moved by Ms. Hinds and seconded by Ms. Salazar to reappoint Joseph R. Rosenbaum, CPA as Chairperson to the EAC effective January 1, 2019 through December 31, 2019.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee.

**It was recommended by Ms. Salazar and seconded by Ms. Corrigan to appoint Angela Honzik, CPA as Vice-Chairperson to the QC effective January 1, 2019 through December 31, 2019.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**It was recommended by Ms. Berhow and seconded by Ms. Salazar to appoint Kimberly Sugiyama, CPA as Chairperson to the QC effective January 1, 2019 through December 31, 2019.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**It was recommended by Ms. Hinds and seconded by Ms. Berhow to appoint Pradeep Budhiraja, CPA to the QC effective November 15, 2018 through November 30, 2020.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.**

**It was recommended by Ms. Berhow and seconded by Ms. Corrigan to appoint Renee Graves, CPA as Vice-Chairperson to the PROC effective January 1, 2019 through December 31, 2019.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**It was recommended by Mr. Silverman and seconded by Ms. Berhow to reappoint Jeffrey De Lyser, CPA as Chairperson to the PROC effective January 1, 2019 through December 31, 2019.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**III. Report of the Secretary/Treasurer.**

**A. Fiscal Year 2018-19 First Quarter Financial Report.**

There was no report on this agenda item.

**IV. Report of the Executive Officer.**

**A. Update on Staffing.**

There was no report on this agenda item.

**B. Update Regarding the Implementation of Credit Card Payment for License Renewal.**

Ms. Pearce stated that staff are in the process of recruiting licensees to test the system. She stated that the test users will be licensees who have a renewal coming up in December or January.

Ms. Pearce stated that the preliminary outreach has already begun on social media. She stated that additional outreach via the website as well as with various stakeholders will also occur as the launch date becomes final.

Ms. Pearce stated that Information Technology (IT) staff are working on a system that will allow licensees to submit their license renewal information online. She stated that this will eliminate the need to send in a hardcopy of the license renewal application via the mail. She stated that in the interim, licensees will have the option to email their license renewal application, following a successful completion and confirmation of the on-line payment.

Ms. León inquired if the on-line renewal application will be mobile friendly.

Ms. Pearce stated that yes the on-line renewal process will be mobile friendly.

Ms. Molina Lopez inquired on what outreach will staff provide regarding on-line payments.

Ms. Pearce stated that outreach efforts would include information in the UPDATE Publication, information on the CBA website and via social media, sending out postcards to licensees, and including the information on future renewal applications.

C. Discussion and Possible Action Regarding the 2018 California Board of Accountancy Annual Report.

Mr. Bone stated that the CBA's Annual Report discusses the accomplishments of the CBA during the prior fiscal year as the CBA fulfills its mission of consumer protection. He stated that the report will be made available to view on the CBA's website.

D. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Bone stated that Mr. Famalett participated in CalCPA's "So You Want to Be a CPA Webinar" which was held on October 15. He stated that Mr. Famalett shared his perspective and recommendations on how to find a CPA firm that will advance an applicant's career.

Mr. Bone stated that on October 29, CBA Licensing Chief, Gina Sanchez spoke to CalCPA's Accounting Education Committee, whose purpose is to improve accounting education in California through the collaboration of educators and practitioners.

Mr. Bone stated that on November 30, Ms. Corrigan spoke to students at Pasadena City College regarding the role of the CBA in the process to become a certified public accountant.

Mr. Bone stated that staff have collaborated with NASBA to improve the CBA's communication materials and develop new resources to help licensees and applicants to understand the CBA's requirements and processes.

V. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the October 18, 2018 Enforcement Advisory Committee Meeting.

Mr. Rosenbaum reported that members reviewed 11 closed cases and held four investigative hearings.

B. Qualifications Committee.

1. Report of the October 24, 2018 Qualifications Committee Meeting.

Ms. Pearce reported that at QC and subcommittee meetings that were held in October there were a total 16 Section 69 reviews. She stated that 15 were recommended for approval of CPA license and one was deferred.

C. Peer Review Oversight Committee.

There was no report on this agenda item.

VI. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this item.

Ms. Molina Lopez inquired on why there are enforcement matters older than 24 months.

Mr. Franzella stated that the cases that are over 24 months are special cases that are technical investigations and complex matters.

VII. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Pearce provided an overview of this item.

VIII. Petition Hearing.

A. Donald Gene Lucia, CPA License Number 36308 – Petition for Termination of Probation.

The CBA heard Mr. Lucia's petition for termination of probation which was provided by his legal counsel, J. Andrew Wright, Esq.

IX. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Above Petition.

X. Report on the Committee on Professional Conduct.

A. Committee on Professional Conduct.

1. Report of the November 15, 2018, Committee on Professional Conduct Meeting.
2. Discussion Regarding Changes in Eligibility Requirements of the American Institute of Certified Public Accountants' Accredited in Business Valuation Credential.

Ms. Berhow stated that the purpose of this agenda item was to discuss the recent changes to the AICPA's Accredited in Business Valuation (ABV) credential.

Ms. Berhow stated that ABV credential is offered for those who qualify, indicating that they have demonstrated a certain level of expertise in business valuation practices. She stated that these professionals often work in the areas of fair value reporting, merges and acquisitions, and bankruptcy.

Ms. Berhow stated that historically, the ABV credential was only available to CPAs. She stated that in May of this year, AICPA changed their eligibility requirements to allow non-CPA finance professionals to qualify and obtain the ABV credential.

Ms. Berhow stated that staff recommend the CBA direct staff to monitor the changes for any potential consumer confusion and report back to the CBA with any recommended next steps.

3. Discussion and Possible Action to Initiate a Rulemaking to Amend Title 16, California Code of Regulations, Section 7.1 – Credit Status for the computerized Uniform CPA Examination.

Ms. Berhow stated that the purpose of this agenda item was to provide an opportunity for the CBA to consider taking action to amend CBA Regulations section 7.1, to accommodate a continuous testing format for the CPA Exam.

Ms. Berhow stated that the AICPA, in conjunction with NASBA, announced their intent to transition the CPA Exam to a continuous testing format and eliminate the present testing windows. She stated that to accommodate the upcoming transition in 2020, a minor change in CBA Regulations would be necessary.

Ms. Berhow stated that under the present format of the CPA Exam and consistent with CBA Regulations, an applicant can only take an unpassed section of the CPA Exam one time during a testing window. She stated that under continuous testing, this provision is no longer applicable.

**The CPC recommended that the CBA:**

- **Approve the regulatory text in CBA Regulations sections 7.1,**
- **Direct staff to submit the text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review; and**
- **If no adverse comments are received, authorize the Executive Officer to take all steps necessary to initiate the rulemaking process, make any non-substantive changes to the package, and set the matter for hearing.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

#### **XI. Meeting Minutes.**

- Adoption of the Minutes of the September 20-21, 2018, California Board of Accountancy Meeting.**
- Adoption of the Minutes of the September 20, 2018 Strategic Planning Workshop.**

**It was moved by Ms. Hinds and seconded by Mr. Silverman to approve agenda items XI.A. and XI.B.**

**Yes: Mr. Famalett, Ms. Geong, Ms. Hinds, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: Ms. Berhow, Ms. Corrigan, Ms. Molina Lopez, and Ms. Nicholson.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

- Acceptance of the Minutes of the September 20, 2018, Committee on Professional Conduct Meeting.**
- Acceptance of the Minutes of the July 12, 2018 Enforcement Advisory Committee Meeting.**
- Acceptance of the Minutes of the July 25, 2018, Qualifications Committee Meeting.**

**It was moved by Ms. Berhow and seconded by Mr. Silverman to accept agenda items XI.C. through XI.E.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Geong, Ms. Hinds, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: Ms. Corrigan, Ms. León, Ms. Molina Lopez, and Ms. Nicholson.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**XII. Other Business.**

**A. American Institute of Certified Public Accountants.**

- 1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.**

- a. State Board Committee.**

Ms. Salazar reported that she attended the October 3 meeting via video conference. She stated that one of the topics included conversation regarding national passing rates for the CPA Exam. She stated that the committee is looking at overall CPA Exam section passing rates. She stated that there were conversations regarding updating the content within the data and analytics section. She stated there is an exam blueprint, which is revisited periodically to make sure the exams materials are appropriate.

Ms. Salazar stated that a lot of time was spent discussing the American with Disabilities Act compliance and making the exam more accessible to persons with disabilities.

**B. National Association of State Boards of Accountancy.**

- 1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.**

Ms. Salazar stated that she attended the regional meeting that was held in conjunction with NASBA Annual Meeting in Scottsdale Arizona in October. She stated that at the meeting there was discussions regarding the Evolution Workgroup, education and consistency within jurisdictions, Guam's program to attract accounting guest lecturers at their university, and the NASBA guidance by the Compliance Assurance Committee regarding peer reviews.

Ms. Salazar stated that there was also discussion regarding technology and the need to make changes.

Ms. Salazar stated that the 2019 NASBA Strategic Plan was approved at the annual meeting.

Ms. Berhow inquired if NASBA is looking at the CBA's retirement model or do they have different rules.

Ms. Salazar stated that NASBA is evaluating the distinctions and definitions of various models and they have some things in place. She stated that the UAA has addressed this and because of that, some states are going back and reviewing their retirement rules.

Ms. Hinds inquired if there has been conversations regarding the shrinking peer reviewer pool at the NASBA level and whether this is an issue across other jurisdictions.

Ms. Salazar stated that peer review is a topic that has been widely discussed. She stated that other states are starting to see what California is seeing in regard to peer reviewers. She stated that her perspective might not be the NASBA perspective. She stated that the CBA has been asking questions regarding peer reviewer population as a state because of what we are seeing in California and that it has been pushed up to the AICPA.

Ms. Bowers stated that we continue to express a level of concern regarding the peer reviewer population. She stated that we do not have specifics on what is being done but staff have recently elevated the communication to the AICPA and staff will continue to work with the PROC regarding this matter.

Mr. Dustin stated that because there is a consolidation of peer review administering entities, there is a concern that as state societies decide not to administer peer reviews, that the individuals that are doing peer reviews in those states will conclude that they no longer want to do them if the administering entity is in another state. He stated that in conversations with the individual from the AICPA that is responsible in overseeing the peer reviewers at a management level, he believes that there are a sufficient number of peer reviewer firms to continue to do peer reviews.

Ms. Salazar stated that when the CBA addressed peer reviewer population as a whole and staff reviewed data, what we noticed was more of a succession issue. She stated that we have a relatively small number of peer reviewers providing a large quantity of peer reviews. She stated that the issue became one of succession as peer reviewers retire, resign, move out of state, or cease to provide the service, whether there are enough peer reviewers to back-fill those positions.

Ms. Geong inquired if other states do not require audit hours to become licensed as a CPA, would they be qualified to conduct a peer review.

Mr. Dustin stated that most states follow the UAA requirements for initial licensure that are required when you are experienced performing any type of accounting work in various locations under the supervision of a CPA. He stated that however, the peer review is conducted by a team that is overseen by a team captain and has to meet specific requirements that are outlined in the peer review manual. He stated that even though individuals may be licensed as a CPA without attest experience, the requirements to perform a peer review as a team captain and to be on a peer review team, require attest experience.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

a. Bylaws Committee.

There was no report on this agenda item.

b. Enforcement Resources Committee.

There was no report on this agenda item.

c. Relations with Member Boards Committee.

There was no report on this agenda item.

d. Strategic Planning Task Force.

There was no report on this agenda item.

XIII. Officer Elections.

A. Secretary-Treasurer.

**It was moved by Mr. Silverman and seconded by Ms. Berhow to appoint Nancy J. Corrigan, CPA as Secretary/Treasurer of the California Board of Accountancy.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**B. Vice-President.**

**It was moved by Ms. Berhow and seconded by Ms. León to appoint Mark J. Silverman, Esq. as Vice-President of the California Board of Accountancy.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**C. President.**

**It was moved by Ms. Berhow and seconded by Ms. Hinds to appoint George Famalett, CPA as President of the California Board of Accountancy.**

**Yes: Ms. Berhow, Mr. Famalett, Ms. Corrigan, Ms. Geong, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Campos, Mr. Jacobson, and Ms. Robinson.**

**XIV. Closing Business.**

**A. Public Comments.**

There were no public comments.

**B. Agenda Items for Future California Board of Accountancy Meetings.**

Mr. Savoy requested that staff provide the CBA with information regarding the qualifications of a peer reviewer and the amount of peer review providers in California.

- XV. Closed Session: Pursuant to Government Code Section 11126(a)(1), the Board Will Meet in Closed Session to Conduct the Annual Evaluation of its Executive Officer.
- XVI. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Disciplinary Matters.

Adjournment.

President Savoy adjourned the meeting at 3:18 p.m. on Thursday, November 15, 2018.

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George Famalett, CPA, President

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Nancy J. Corrigan, CPA, Secretary/ Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.